

STRENGTHENING INSTITUTIONS IN THE LOW-INCOME SAVINGS AND LOAN SECTOR

(TC-01-09-00-2)

EXECUTIVE SUMMARY

Executing agency:	Banco del Ahorro Nacional y Servicios Financieros (BANSEFI)	
Beneficiaries:	The beneficiaries of this project will be BANSEFI, the Comisión Nacional Bancaria y de Valores [National Banking and Securities Commission] (CNBV), the low-income savings and loan institutions, and the institutions of the low-income savings and loan system represented by the federations and confederations.	
Objectives:	The objective of the project is to support the restructuring called for by the laws governing the low-income savings and loan sector, so as to promote the orderly development of its institutions, while at the same time promoting the protection of national savings and an expansion of the financial services offered to small businesses and microenterprises.	
Description:	The project will have three components: (1) technical assistance for 1,000 branches belonging to BANSEFI and four currently regulated <i>cajas de ahorro</i> [savings banks] to adapt to the provisions of the new laws; (2) technological modernization of BANSEFI; and (3) development of new savings products within BANSEFI. A special aim is to create a network enabling institutions to compete for the remittances sent by Mexicans living abroad.	
Financing:	Modality: Nonreimbursable (Facility I)	
	MIF	US\$ 3,500,000
	Local counterpart:	<u>US\$ 6,625,000</u>
	Total:	US\$10,125,000
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Environmental and social review:	The program was reviewed and approved by the Committee on Environment and Social Impact (CESI) at its meeting of 11 January 2002 (TRG 01-02). The CESI recommended including not only environmental considerations but also an ethics component in the	

environmental considerations, but also an ethnic component, in the information systems of BANSEFI and the savings banks participating in the project.

Special contractual clauses:

1. Prior to the first disbursement of resources earmarked for upgrading the information systems of the branches participating in the project, the executing agency will submit evidence to the Bank that it has identified and selected 400 branches of savings banks that meet the eligibility requirements agreed upon with the Bank (see chapter VII).
2. Prior to the first disbursement of the resources earmarked for subcomponent (b) of the technical assistance component, the executing agency will submit evidence to the Bank of the agreement signed with the CNBV for the consulting services to be provided by Desjardins International Development (DID) that includes, *inter alia*, the CNBV's commitment to provide US\$25,000 for this subcomponent and to allocate the technical staff that will serve as counterpart to DID.
3. The Donors Committee's authorization is requested for purposes of recognizing as part of the local contribution US\$1.5 million in project-related expenses incurred and investments made by BANSEFI beginning on 9 April 2001, date of the request for technical assistance, which are broken down in paragraph 4.3. These investments were made under conditions analogous to those established by the Bank (see chapter IV).

Exceptions to Bank policy:

See Procurement.

Procurement:

An exception to the requirement for international competitive bidding for the contracting of consultants is requested for purposes of allowing the direct contracting of the consulting firm (DID), which is justified on the basis of the technical and institutional comparative advantages described in chapter IX. The remaining goods and services will be contracted in accordance with the Bank's procedures and rules.